

Taylor, Morell & Gitomer

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919 18th St., N.W.
Washington, DC 20006
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310 Golden Shore
Long Beach, CA 90802
(310) 436-2519/FAX (310) 436-5393

October 19, 1993

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Direct Dial: (202) 466-6532

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INTERSTATE COMMERCE COMMISSION

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Honorable Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, DC 20423

OCT 19 1993 3 30 PM
INTERSTATE COMMERCE COMMISSION

Dear Secretary Strickland:

I have enclosed the original and one certified copy of each of the two documents described below, to be recorded pursuant to 49 U.S.C. § 11303.

The first document is a Loan and Security Agreement, dated as of October 15, 1993, a primary document. The second document is a Master Lease of Railroad Equipment, dated as of May 1, 1993, a secondary document. We request that these documents be recorded under the next available Recordation Number.

The names and addresses of the parties to the Loan and Security Agreement are:

Lender:

Hitachi Credit America Corp.
777 West Putnam Avenue
Greenwich, CT 06830

Borrower:

Investors Asset Holding Corporation
c/o American Finance Group
Exchange Place
Boston, MA 02109

The names and addresses of the parties to the Master Lease of Railroad Equipment are:

Lessor:

Investors Asset Holding Corporation
c/o American Finance Group
Exchange Place
Boston, MA 02109

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*Secretary Strickland -
Judith McDonald*

Honorable Sidney L. Strickland, Jr.
October 19, 1993
Page 2

Lessee:

Union Pacific Railroad Company
1416 Dodge Street
Omaha, NE 68179

A description of the equipment covered by each of the documents consists of 22 MP15AC diesel electric locomotives numbered SOO 1510-1531, inclusive.

A fee of \$36.00 is enclosed. Please return the originals to:

Louis E. Gitomer
Taylor, Morell & Gitomer
Suite 210
919 18th Street, N.W.
Washington, DC 20006

A short summary of the documents to appear in the index follows: (1) a Loan and Security Agreement between Hitachi Credit America Corp., 777 West Putnam Avenue, Greenwich, CT 06830, and Investors Asset Holding Corporation, c/o American Finance Group, Exchange Place, Boston, MA 02109, covering 22 MP15AC diesel electric locomotives numbered SOO 1510-1531, inclusive; and (2) a Master Lease of Railroad Equipment between Investors Asset Holding Corporation, c/o American Finance Group, Exchange Place, Boston, MA 02109, and Union Pacific Railroad Company, 1416 Dodge Street, Omaha, NE 68179, covering 22 MP15AC diesel electric locomotives numbered SOO 1510-1531, inclusive.

Very Truly Yours,


Louis E. Gitomer

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

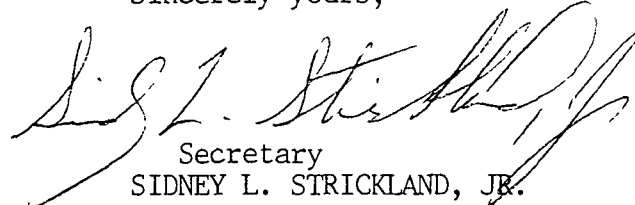
October 19, 1993

Louis E. Gitomer -
Taylor, Morell & Gitomer -
Suite 210 -
919 18th Street, NW -
Washington, DC. 20006 -

Dear Sirs:

The enclosed document(s) was recorded pursuant to the provisions
of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303,
on 10/19/93 at 3:30PM, and assigned
recording number(s). 18439-18439-A.

Sincerely yours,



Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

18439
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INTERSTATE COMMERCE COMMISSION

LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT ("Agreement") dated as of the 15th day of October, 1993 by and between INVESTORS ASSET HOLDING CORPORATION, a Massachusetts corporation ("IAHC"), not in its individual capacity but solely as Trustee of the "AFG/Soo Line Trust" ("Borrower") and HITACHI CREDIT AMERICA CORP., a Delaware corporation ("Lender").

WITNESSETH:

WHEREAS, the defined terms in Exhibit A annexed hereto are hereby incorporated herein;

WHEREAS, Borrower has requested that Lender finance or refinance the purchase of up to twenty-two (22) MP15AC used locomotives originally manufactured by the Electro-Motive Division of General Motors Corporation (such locomotives being referred to individually as a "Locomotive" and collectively as the "Locomotives"), which Locomotives are more particularly described on Exhibit B hereto;

WHEREAS, Borrower has further requested that Lender finance the cost of the reconditioning or rebuilding of the Locomotives on the terms and conditions set forth herein.

WHEREAS, upon the completion of the reconditioning or rebuilding of a Locomotive, such Locomotive is to be leased by Borrower to Union Pacific Railroad Company, a Utah corporation ("Lessee") pursuant to a Master Lease of Railroad Equipment dated as of May 1, 1993 (the "Lease").

WHEREAS, subject to the terms and conditions set forth herein, Lender will provide the financing requested by Borrower;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

A. THE LOANS

A.1 The Loans.

On and subject to the terms and conditions set forth herein, Lender will lend to Borrower, and Borrower will borrow from Lender the amounts hereinafter requested by Borrower, provided that the aggregate principal amount of all such borrowings at any time outstanding shall not exceed \$6,000,000.

Loans to Borrower hereunder shall be made on such dates as are specified by Borrower to Lender by not less than five (5) days prior written notice to Lender (each such date being hereinafter referred to as a "Finance Date"); provided that no more than one Finance Date can occur in any calendar month and no Finance Date can occur subsequent to December 31, 1993.

On each Finance Date, Borrower shall execute and deliver to Lender, to evidence the loan to be made to Borrower on such date, its promissory note (the "Note") in the form of Exhibit C attached hereto.

All loans made hereunder will be made pursuant to a Loan Certificate in the form of Exhibit D attached hereto specifying the Locomotives being financed or refinanced, a statement certifying acceptance by Lessee of such Locomotives under the Lease, the amount of loan requested, a statement that the funds to be loaned pursuant to the Certificate are within the maximum permitted limits under this Agreement and such other matters as are set forth in the Loan Certificate.

A.2 Calculation of Interest.

Each of the Notes issued hereunder shall bear interest at the rate set forth therein with respect to the period from the date of the advance to which such Note relates through and including December 31, 1993, which interest rate shall be equal to 1.3% per annum plus the rate per annum equal to the yield on U.S. Treasury Bills maturing on the business day on or next preceding December 31, 1993, as published in the edition of The Wall Street Journal on the business day immediately preceding the date of the advance to which such Note relates.

The interest rate payable on each of the Notes with respect to the period from January 1, 1994 through and including December 31, 1994 shall be equal to 1.3% per annum plus the yield to maturity of U.S. Treasury Bills having a one year maturity, as published in the edition of The Wall Street Journal on the business day immediately preceding January 1, 1994.

The interest rate payable on each of the Notes with respect to the period from January 1, 1995 through and including December

31, 1995 shall be equal to 1.3% per annum plus the yield to maturity of U.S. Treasury Bills having a one year maturity, as published in the edition of The Wall Street Journal on the business day immediately preceding January 1, 1995.

The interest rate payable on each of the Notes with respect to the period from January 1, 1996 through and including December 31, 1996 shall be equal to 1.3% per annum plus the yield to maturity of U.S. Treasury Bills having a one year maturity, as published in the edition of The Wall Street Journal on the business day immediately preceding January 1, 1996.

The interest rate payable on each of the Notes with respect to the period from January 1, 1997 through and including December 31, 2003 shall be equal to 1.3% per annum plus the yield to maturity of U.S. Treasury Bills, Notes or Bonds having a seven year maturity, as published in the edition of The Wall Street Journal on the business day immediately preceding January 1, 1997.

In the event that for any reason The Wall Street Journal fails to publish the yields to maturity of U.S. Treasury instruments to allow for the calculation of interest as set forth above on any of the applicable determination dates, the calculation of such yield to maturity shall be determined from a reputable source reasonably and objectively selected by Lender (which determination in the absence of manifest error shall be binding and conclusive).

With respect to the period through and including December 31, 1993, interest shall be payable, in arrears, to the extent accrued, on December 1, 1993 and on January 1, 1994. Interest payable with respect to all periods beginning on or after January 1, 1994 shall be payable quarterly, in advance, on January 1, April 1, July 1 and October 1 of each year, with the first such payment due on January 1, 1994.

A.3 Conditions Precedent to Advances.

(1) Advances on the Initial Closing Date. The obligation of Lender to make advances on the Initial Closing Date shall be subject to fulfillment of the following conditions to the Satisfaction of Lender and its counsel:

(a) On or prior to the Initial Closing Date, copies of the following documents shall have been delivered to each party thereto, with fully executed counterparts delivered to Lender:

- (i) this Agreement;
- (ii) the Loan Certificate with respect to the funds being borrowed; and

- (iii) the Note with respect to the funds being borrowed.

(b) On or prior to the Initial Closing Date, Lender shall have also received:

- (i) COUNTERPART NO. 1 to the Lease, fully executed and acknowledged by Lessee and Borrower.
- (ii) COUNTERPART NO. 1 to the Rental Schedule and Acceptance Certificate created under the Lease with respect to the Locomotives which are identified in the Loan Certificate, fully executed and acknowledged by Lessee and Borrower.
- (iii) COUNTERPART NO. 1 to the Acknowledgement and Notice of Assignment (the "Acknowledgement") from Lessee in substantially the form attached hereto as Exhibit E, fully executed by Lessee and Borrower;
- (iv) a conformed copy of the Reconstruction Agreement;
- (v) evidence of filing of this Agreement, the Lease and such other documents as Lender may require with the ICC pursuant to 49 U.S.C. §11303;
- (vi) evidence satisfactory to Lender that Borrower has good and marketable title to the Locomotives identified in the Loan Certificate and the lawful right to assign the same to Lender, free of all claims, liens, security interests and other encumbrances, other than the interests of the Lessee under the Lease;
- (vii) such Uniform Commercial Code financing statements as may be required by Lender in order to perfect the security interest granted to Lender in the Collateral, together with Uniform Commercial Code search requests showing no prior interest of any party in such Collateral;

- (viii) copies of invoices to Borrower for the cost of materials and work completed under the Reconstruction Agreement in connection with the Locomotives identified in the Loan Certificate;
- (ix) evidence satisfactory to Lender of the absence of mechanics' or materialmen's liens with respect to the materials provided or work performed in connection with the invoices described in Subsection A.3(1)(b)(viii);
- (x) insurance certificates covering the Collateral;
- (xi) opinion of counsel to Borrower, Satisfactory to Lender;
- (xii) incumbency certificate of Borrower; and
- (xiii) such other opinions, approvals, certificates, agreements or other documents as Lender may reasonably request.

(c) The amount to be advanced by Lender to Borrower on such date pursuant to the Loan Certificate shall not exceed, for each Locomotive identified therein, the lesser of (i) \$272,727.27 or (ii) the amount which Lender reasonably determines can be repaid from application of the rentals payable by Lessee under the Lease with respect to such Locomotive, assuming the Lease is renewed for a term expiring on December 31, 2003.

(d) There shall not have occurred, in the reasonable opinion of Lender, any material adverse change in the business, financial condition or prospects of Lessee from the date of this Agreement to the date of such proposed advance.

(e) The representations and warranties of Borrower contained herein shall be true and correct in all material respects as if made anew on the Initial Closing Date. No Event of Default, or event which, with the passage of time or giving of notice, or both, would constitute an Event of Default, has occurred under the Lease. The Lease shall be in full force and effect and shall not have been modified since delivery to Lender hereunder.

(f) Lender shall have received such evidence of fulfillment of the foregoing conditions of this Section A.3(1), including, without limitation, opinions of counsel or certificates of officers of Borrower, public officials and

others, as Lender or its counsel may reasonably require to establish to its Satisfaction the fulfillment of such conditions.

(g) Lender's obligation to make the advance on the Initial Closing Date (i) shall not be prohibited by any applicable law or governmental regulation, (ii) shall not subject Lender to any penalty, or in its reasonable judgment, other onerous conditions under or pursuant to any applicable law or governmental regulation, and (iii) shall be permitted by the laws and regulations of the jurisdictions to which Lender is subject. If requested by Lender, Borrower shall have delivered to Lender factual certificates or other evidence reasonably available to Borrower, in form and substance Satisfactory to Lender, to enable Lender to establish compliance with this condition, to the extent such compliance relates to the nature, condition, action or inaction of Borrower.

(2) Advances on Subsequent Finance Dates. On each Finance Date hereunder subsequent to the Initial Closing Date, the obligations of Lender to make advances shall be subject to the fulfillment of the following conditions to the Satisfaction of Lender and its counsel;

(a) On or prior to such Finance Date, copies of the following documents shall have been delivered to each party thereto, with fully executed counterparts delivered to Lender:

- (i) the Loan Certificate with respect to the funds being borrowed; and
- (ii) the Note with respect to the funds being borrowed.

(b) On or prior to such Finance Date, Lender shall also have received:

- (i) COUNTERPART NO. 1 to the Rental Schedule and Acceptance Certificate created under the Lease with respect to the Locomotives which are identified in the Loan Certificate, fully executed and acknowledged by Lessee and Borrower.
- (ii) evidence satisfactory to Lender that Borrower has good and marketable title to the Locomotives identified in the Loan Certificate and the lawful right to assign the same to Lender, free of all claims, liens, security interests and other encumbrances, other than the interests of the Lessee under the Lease;

- (iii) copies of invoices to Borrower for the cost of materials and work completed under the Reconstruction Agreement in connection with the Locomotives identified in the Loan Certificate;
- (iv) evidence satisfactory to Lender of the absence of mechanics' or materialmen's liens with respect to the materials provided or work performed in connection with the invoices described in Subsection A.3(2)(b)(iii); and
- (v) such other opinions, approvals, certificates, agreements or other documents as Lender may reasonably request.

(c) The amount to be advanced by Lender to Borrower on such date pursuant to the Loan Certificate shall not exceed, for each Locomotive identified therein, the lesser of (i) \$272,727.27 or (ii) the amount which Lender reasonably determines can be repaid from application of the rentals payable by Lessee under the Lease with respect to such Locomotive, assuming the Lease is renewed for a term expiring on December 31, 2003.

(d) There shall not have occurred, in the reasonable opinion of Lender, any material adverse change in the business, financial condition or prospects of Lessee from the date of this Agreement to the date of such proposed advance.

(e) The representations and warranties of Borrower contained herein shall be true and correct in all material respects as if made anew on such Finance Date. No Event of Default, or event which, with the passage of time or giving of notice, or both constitute an Event of Default, has occurred under the Lease. The Lease shall be in full force and effect and shall not have been modified since delivery to Lender hereunder.

(f) Lender shall have received such evidence of fulfillment of the foregoing conditions of this Section A.3(2), including, without limitation, opinions of counsel or certificates of officers of Borrower, public officials and others, as Lender or its counsel may reasonably require to establish to its Satisfaction the fulfillment of such conditions.

(g) Lender's obligation to make the advance on such Finance Date (i) shall not be prohibited by any applicable law or governmental regulation; (ii) shall not subject Lender to any penalty, or in its reasonable judgment, other onerous conditions under or pursuant to any applicable law or governmental regulation, and (iii) shall be permitted by the laws

and regulations of the jurisdictions to which Lender is subject. If requested by Lender, Borrower shall have delivered to Lender factual certificates or other evidence reasonably available to Borrower, in form and substance Satisfactory to Lender, to enable Lender to establish compliance with this condition, to the extent such compliance relates to the nature, condition, action or inaction of Borrower.

A.4 Application of Advances.

Each advance made by Lender to Borrower hereunder, whether on the Initial Closing Date or on any subsequent Finance Date, shall be paid by Lender to Lessee in payment of any amounts shown to be due to Lessee under the Reconstruction Agreement (and Borrower hereby authorizes and directs Lender to make such payments to Lessee from the proceeds of such advances), and any excess shall be paid by Lender to Borrower.

A.5 Application of Payments Made on Account of the Notes.

All payments of Interim Rent, Base Rent or Renewal Rent shall be applied against interest on the Notes, to the extent then due and payable under the Notes, and the balance of such rent shall be applied to unpaid principal on the Notes. Except to the extent a payment of principal or interest on the Notes is deemed to relate to a particular Note or Notes, all payments of principal and interest on the Notes shall be applied, first, to the amount of all interest then due on the Notes, and, second, to the amount of unpaid principal on the Notes, proportionately to each Note in the ratio that the principal balance due under such Note bears to the principal balance due under all Notes.

A.6 Representations and Warranties of the Borrower.

Borrower, in its individual capacity as to subparagraphs (b), (c), (d) and (e) and otherwise in its capacity as Trustee, hereby makes the following representations and warranties to Lender, each of which is true and correct on the date hereof and will be true and correct on the Initial Closing Date, and on each Finance Date, and each of which shall survive the Initial Closing Date and each Finance Date, as the case may be.

(a) This Agreement, the Notes, the Lease, the Acknowledgment and the Rental Schedules have each been duly authorized, executed and delivered by Borrower and each constitutes a legal, valid and binding agreement and obligation of Borrower, enforceable according to its terms, except as such enforcement may be limited by bankruptcy, reorganization, moratorium, insolvency or similar laws affecting creditors' rights generally or by equitable remedies in the discretion of the courts, and the Lease, the Acknowledgment and the Rental Schedules constitute the entire agreement between Borrower and

Lessee pertaining to the leasing of the Locomotives by Borrower to Lessee.

(b) The execution and delivery of this Agreement, the Notes, the Lease, and the Acknowledgement and consummation of the transactions contemplated herein or therein and the fulfillment of and compliance with the terms and provisions hereof and thereof (i) do not result in a breach of any of the terms, conditions or provisions of IAHC's Articles of Incorporation or By-laws or of any bond, debenture, note, mortgage, indenture, credit agreement or other instrument to which IAHC is a party or by which it or its property may be bound, and will not constitute (with the giving of notice or the passage of time or both) a default thereunder, or result in the creation or imposition of any lien, charge, security interest or other encumbrance of any nature whatsoever upon the Collateral pursuant to the terms of any such agreement or instrument except for the lien described herein and the rights of Lessee under the Lease, or (ii) will not, in any material respect, contravene any statutory law, rule, regulation or order of any governmental authority or agency governing its corporate or trust powers.

(c) Neither the execution and delivery by IAHC of this Agreement, the Note, the Lease or the Acknowledgment, nor the performance thereof by Borrower requires the authorization, consent or approval of, or the giving of notice to, or the registration with, any governmental authority or agency pursuant to any law governing its corporate or trust powers.

(d) IAHC is a Massachusetts corporation, which has been duly organized, and is validly existing and in good standing under the laws of the Commonwealth of Massachusetts.

(e) Borrower has such title to the Collateral as was conveyed to it by the seller thereof, free and clear of all security interests, liens and encumbrances, which result from claims against Borrower which are unrelated to its ownership, as Trustee, of the Collateral, except for the lien described herein and the rights of Lessee under the Lease, and no other assignment or security interest has been granted by Borrower (whether in its individual or fiduciary capacity) with respect to the Collateral.

(f) There are no pending or, to the knowledge of Borrower, threatened actions or proceedings against or affecting Borrower before any court or administrative agency which, if determined adversely to Borrower, would have a material adverse effect on the ability of Borrower to perform its obligations hereunder or under the Notes, the Lease or the Acknowledgment.

(g) The rents and other amounts payable under the Lease are not subject to any defenses, set-offs or counterclaims, nor, to Borrower's knowledge, has Lessee asserted any such

defense, set-off or counterclaim, and there is no rent or other amount now due and unpaid pursuant to the terms of the Lease nor have there been any payments made in advance on account of the rentals or other sums to become due under the Lease. The Interim, Base and Renewal Rent payable under the Lease is sufficient to pay principal and interest due under the Notes and this Agreement in accordance with the terms hereof and thereof.

(h) No Event of Default or event which with the passing of time or the giving of notice, or both, would constitute an Event of Default hereunder or under the Lease has occurred and is continuing.

(i) There is no outstanding order, writ, injunction or decree of any court, government or governmental agency against or affecting Borrower with respect to the Locomotives, the Lease, this Agreement, the Notes or the Acknowledgment.

A.7 Covenants of Borrower.

Borrower hereby covenants and agrees for the benefit of the Lender as follows:

(a) All payments to be made by Borrower hereunder or under the Notes shall be made on the payment date hereof or thereof by wire in immediately available funds to:

Dai-Ichi Kangyo Bank, Ltd.
New York Branch
One World Trade Center
Suite 4911
New York, NY 10048
ABA #026004307
Account #10740007818

or to such other address as Lender designates in writing.

(b) All right, title and interest of in and to the Collateral and any payments with respect thereto shall be expressly subject and subordinate to all of the right, title and interest of Lender therein.

(c) Borrower shall not declare a default or exercise the remedies of Lessor under the Lease or modify, rescind, cancel or accept surrender of the Lease or waive or enforce any of the provisions thereof or give any consent with respect thereto or extend the time of payment for payments due thereunder and shall not sell, assign, or transfer its interest in the Lease or the Locomotives (or any thereof) or take any other action with respect thereto without the prior written consent of Lender and will include in any documentation submitted to Lender soliciting

its consent to such sale or transfer a prohibition against any future transfer to any natural person or persons or entity which is not a permitted assignee under the Lease.

(d) Borrower shall keep the Collateral free and clear of all mortgages, pledges, liens, charges, security interests and other encumbrances whatsoever, except those created by this Agreement, the rights of Lessee under the Lease and those caused by any act or omission on the part of Lessee or required to be discharged by Lessee under the terms of the Lease. Borrower shall pay all charges, including without limitation, all taxes and assessments levied or assessed against Borrower, which if unpaid would constitute a lien on the Collateral or any portion thereof; provided, however, that Borrower shall pay charges required to be paid or discharged by Lessee under the terms of the Lease only to the extent that Borrower shall have received funds from Lessee allocable to such charges. Borrower shall not be required to pay or discharge any such charges, taxes or assessments so long as it shall in good faith and by appropriate legal proceedings being diligently prosecuted, contest the validity thereof in any reasonable manner which will not endanger Lessee's right of quiet enjoyment and use of the Locomotives under the Lease or Lender's security interest in the Collateral.

(e) Only the duplicate original of the Lease, the Rental Schedules and the Acknowledgement stamped "COUNTERPART NO. 1", which are to be delivered to Lender hereunder, constitute chattel paper for purposes of perfecting an interest therein. Borrower will not relinquish possession and control of any duplicate originals held by it (each of which has been stamped "Lessor's Original" on the signature page thereof) to any person without the prior written consent of Lender.

(f) Borrower shall execute and deliver any and all papers or documents which Lender may reasonably request from time to time in order to carry out the purposes hereof and of the Lease, or to facilitate the collection of monies due or to become due from Lessee under the Lease.

(g) Borrower shall not permit the Locomotives to be relocated to a jurisdiction outside the contiguous United States and Borrower shall promptly notify Lender if any Locomotive is removed from its current jurisdiction to another within the United States, except as permitted by the Lease.

(h) Borrower shall promptly notify Lender upon obtaining knowledge of any Event of Default or event, which with the giving of notice or passage of time or both would constitute an Event of Default, hereunder or under the Lease.

(i) Borrower shall allow Lender and its representatives free access and right of inspection, as provided

for in the Lease, of the Locomotives at their location, and in the event of loss or damage to the Locomotives (or any thereof) shall send prompt written notice thereof to Lender, all to the extent provided for in the Lease.

(j) Borrower shall, upon request of Lessee, provide Lessee any and all consents, assistance and cooperation necessary for Lessee to maintain property insurance and public liability insurance, showing Lender as additional insured and loss payee, in amounts and with insurance companies satisfactory to Lender, all to the extent required by and in accordance with the terms of the Lease.

(k) Borrower shall, upon request of Lessee, provided Lessee any and all consents, assistance and cooperation necessary for Lessee to keep the Locomotives in good repair and operating condition without any costs or liability to Lender, all to the extent required by and in accordance with the terms of the Lease.

(l) Borrower will maintain its records concerning the Lease at the address set forth in Section D.3 hereof, and will not remove such records, except to a jurisdiction where the Uniform Commercial Code shall be in effect, and upon 30 days' prior written notice to Lender.

A.8 Covenants of Lender.

Lender hereby covenants and agrees for the benefit of Borrower as follows:

(a) So long as Lessee is not in default of any of its obligations under the Lease, the interest of Lender in the Lease and the Locomotives shall be subject and subordinate to Lessee's leasehold estate in the Locomotives and Lender will not disturb Lessee's quiet use and possession of the Locomotives.

(b) Lender shall, upon receipt of payments of Interim Rent, Base Rent or Renewal Rent from Lessee, immediately apply such payments towards the satisfaction of principal and interest and any other amounts then due hereunder or under the Notes.

(c) Lender shall pay over to Borrower within twenty (20) days of receipt from Lessee, and Borrower may receive and retain notwithstanding any subsequent default hereunder, any payments made by Lessee pursuant to its indemnification obligations under the Lease as compensation to Borrower for costs, charges or losses incurred by Borrower.

(d) Borrower shall have the right, upon the giving of written notice to Lender, to pay and perform for the account of Lessee any obligation of Lessee under the Lease (other than the payment of Interim Rent, Base Rent or Renewal Rent or Casualty

Values), in which case Lender agrees that for purposes of the default provisions of this Agreement, an Event of Default shall be deemed not to have occurred on account of Lessee's nonperformance of the obligation, unless and until Borrower shall have declared an Event of Default under the Lease on account thereof. In the event Borrower makes payments to Lender on the account of Lessee, Borrower shall be subordinated to the rights of Lender with respect to such sums.

B. SECURITY

B.1 Grant of Security Interest.

As security for the payment and performance of the obligations of Borrower under this Agreement and the Notes, Borrower hereby gives, grants and assigns to Lender a security interest in and lien on all of Borrower's rights in the following described property now or hereafter owned by Borrower (hereinafter called the "Collateral").

(a) The Lease and each Rental Schedule now or hereafter entered into in connection therewith.

(b) All Interim Rent, Base Rent, Renewal Rent, Casualty Values, payments for the purchase price of the Locomotives pursuant to Section 11 of the Lease and other moneys due or to become due to Borrower under the Lease.

(c) All of Borrower's rights, but none of its obligations, as lessor under the Lease.

(d) All of Borrower's rights, title and interest in and to the Locomotives.

(e) All of Borrower's right, title and interest in and to all additions, replacements, accessions, substitutions and improvements to the Locomotives which become incorporated in, or are replacements to the Locomotives under the Lease.

(f) All proceeds of the foregoing.

B.2 Rights of Lender.

Borrower hereby irrevocably constitutes and appoints Lender, and any officer thereof responsible for enforcing the terms of this Agreement or the Notes, Borrower's agent and attorney-in-fact to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purpose of this Agreement and the Notes. This power of attorney is a power coupled with an interest, shall be irrevocable and shall terminate only upon payment in full of the obligations set forth herein and in the

Notes and the termination of this Agreement. The powers conferred on Lender hereunder are solely to protect Lender's interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Without limiting the generality of the foregoing, Borrower hereby gives Lender the power and right, on behalf of Borrower and without notice to or assent by Borrower, to do the following:

(a) Receive directly from Lessee all payments of Interim Rent, Base Rent and Renewal Rent, Casualty Values, purchase price for Locomotives purchased by Lessee pursuant to Section 11 of the Lease and all other sums due and to become due under the Lease and to exercise all rights, privileges and remedies of Lessor under the Lease, including without limitation, the right to grant waivers or consents of any character.

(b) Endorse any loss payment or returned premium check and to make, settle and release any claim under any insurance policy with respect to the Locomotives.

(c) File any claim or take any other action or proceeding in any court of law or equity for the purpose of collecting any and all monies due under the Lease.

(d) File financing statements signed only by Lender with respect to this Agreement in accordance with the Uniform Commercial Code or signed by Lender as attorney-in-fact for Borrower.

Borrower hereby ratifies all that Lender may do pursuant to such power.

Lender shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to Borrower for any action taken or omitted to be taken in good faith or in reliance on the advice of counsel except for its own gross negligence or willful misconduct.

B.3 Event of Loss; Purchase of Locomotives by Lessee.

Upon the occurrence of a Casualty under and as defined in the Lease with respect to any Locomotive or in the event Lessee exercises its right to purchase a Locomotive pursuant to Section 11 of the Lease, all or a portion of the unpaid principal under the Note to which such Locomotive relates shall become due and payable, together with any interest then due and payable thereon, on the date on which the Casualty Value or purchase price is required to be paid by Lessee under the Lease. The amount of principal to be prepaid under such Note shall be calculated by multiplying the outstanding principal balance of such Note by a

fraction (the "Prepayment Factor") determined by dividing (x) the amount of the advance originally made by Lender with respect to the Locomotive suffering a Casualty or being purchased, by (y) the original principal balance of such Note reduced by the amount of the advance originally made by Lender with respect to any Locomotive financed pursuant to such Note which had previously been the subject of a principal prepayment on account of a Casualty or purchase by Lessee. Otherwise, there shall be no prepayment of any of the Notes without the prior written consent of Lender.

B.4 Late Payment Rate.

Any payment past due hereunder or under the Notes shall be payable on demand with interest computed from the day payment was due at the rate of .75% per month, or if such rate shall exceed the maximum rate of interest allowed by law, then at such maximum rate (the "Late Payment Rate").

B.5 Right of Lender to Perform for Borrower.

If Borrower defaults in its obligations hereunder, Lender may, at its option, effect insurance and pay all taxes, assessments and charges levied on the Locomotives or for the storage, maintenance or repair thereof. Any insurance premiums, taxes, assessments and charges so paid shall be secured by this Agreement and shall be added to the principal due hereunder and under the Notes and shall be repayable from the Collateral.

B.6 Limitations of Liability.

Principal and interest due hereunder and under the Notes is and shall be repayable from the Collateral only, and Lender shall have no further recourse against Borrower or IAHC personally; provided, however, and subject to Section B.7 hereof, that Lender shall have recourse against Borrower personally for any claims arising out of the breach by Borrower of any of its representations, warranties, covenants and undertakings (other than the payment of principal and interest due under this Agreement or the Notes) set forth herein.

B.7 Participation of Trustee.

It is expressly understood and agreed by Lender, anything herein to the contrary notwithstanding, that all of the representations, warranties, undertakings, covenants and agreements in this Agreement on the part of Borrower (but not the representations and warranties of IAHC set forth in subparagraphs (b), (c), (d) and (e) of Section A.6 hereof) are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by IAHC, or for the purpose or with the intention of binding IAHC personally, but are

made and intended for the purpose of binding only the Collateral and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against Borrower (except for breach of those representations and warranties of Borrower set forth in Section A.6 and except for Borrower's gross negligence or willful misconduct resulting in a breach of Borrower's covenants hereunder) or against IAHC (except for breach of those representations and warranties of IAHC set forth in subparagraphs (b), (c), (d) and (e) of Section A.6), all such personal liability, if any being expressly waived and released by Lender; however, it is agreed that Lender may look to the Collateral for the satisfaction of same.

C. DEFAULT

C.1 Events of Default.

Any of the following events shall constitute an Event of Default hereunder.

(a) Borrower shall fail to make any payment due hereunder or under the Notes within ten (10) days after Borrower's receipt of written notice of the nonpayment thereof.

(b) An Event of Default under and as defined in the Lease shall have occurred and be continuing unremedied to the Satisfaction of Lender.

(c) There shall be imposed upon the Collateral or any part thereof any claim, lien, security interest, encumbrance or charge which is prior to or on parity with the security interest granted hereunder, other than the Lease and liens expressly permitted by the Lease.

(d) Borrower shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by Borrower hereunder or in any agreement or certificate furnished to Lender in connection herewith and such failure shall continue unremedied for a period of (30) days after written notice thereof to Borrower.

(e) Any representation or warranty made by Borrower herein or in any document or certificate furnished to Lender in connection herewith shall have been incorrect in any material respect when made.

(f) Borrower shall (i) be generally not paying its debts as they become due within the meaning of Title 11 of the United States Code, (ii) file, or consent by answer or otherwise to the filing against it of, a petition of relief or reorganization or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any

jurisdiction, (iii) make an assignment for the benefit of its creditors, (iv) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or (v) take corporate or comparable action for the purpose of any of the foregoing.

(g) Any petition for any relief under any bankruptcy or insolvency law of any jurisdiction shall be filed against Borrower and such petition shall not be stayed or dismissed within sixty (60) days of the date of filing.

(h) A court or governmental authority of competent jurisdiction shall enter an order (a) appointing, without consent by Borrower, a custodian, receiver, trustee or other officer with similar powers with respect to (i) or with respect to any substantial part of its property, or (ii) approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or (iii) ordering the dissolution, winding up or liquidation of Borrower.

C.2 Remedies.

If an Event of Default hereunder shall have occurred, then, or at any time thereafter while such Event of Default is continuing, Lender may declare the principal balance hereof and under the Notes (and all interest thereon) immediately due and payable, whereupon it shall become due and payable without notice or demand. It shall then be lawful for Lender (and Borrower hereby authorizes and empowers Lender with the aid and assistance of any persons) to exercise any one or more of the following remedies:

(a) Subject and subordinate to the rights of Lessee under the Lease, to enter upon such place as the Locomotives may be found and take possession of and carry away the Collateral, or any portion thereof (either with or without taking possession and without instituting any legal proceedings whatsoever) at any time or times, and to dispose of the Collateral at public auction or at private sale or sales (in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as Lender may determine, and Lender may bid and become the purchaser at any such sale) and apply the proceeds thereof to the balance hereof or any other obligation arising hereunder, all to the extent permitted by and in accordance with law and with the Lease.

(b) If any Event of Default has occurred and is continuing under the Lease, as assignee of Lessor's interest in the Lease, to exercise any or all of the rights and powers and pursue any or all of the remedies provided for in the Lease.

(c) To exercise any or all of the rights and powers and pursue any or all of the remedies that are available to a secured party under the Uniform Commercial Code or any other applicable law or in equity in respect to the Collateral.

Borrower will reimburse Lender for all fees of attorneys or collection agencies and all expenses, costs and charges paid or payable to third persons or suffered or incurred by Lender in attempting or effecting protection or preservation of its security interest in the Collateral or the enforcement of any provision of this Agreement or the Notes. Costs of collecting the amounts secured hereby shall be added to the principal amount due hereunder and under the Notes and shall be secured by, and payable solely out of, the Collateral.

The proceeds of any sale of the Collateral or any part thereof or any interest therein and the proceeds of the exercise of any other remedy with respect to the Collateral, shall be applied by Lender, first, to the payment of interest then due and payable hereunder or under the Notes, second, to the payment of any amount due hereunder other than principal and interest, third, to the repayment of the outstanding principal balance hereof, including costs and expenses incurred by Lender or any person or party acting on behalf of Lender in connection with the exercise of remedies hereunder and added to principal as hereinabove provided, and fourth, to whomever shall be lawfully entitled thereto.

All rights, remedies and options conferred upon Lender hereunder or by law shall be cumulative and may be exercised successively or concurrently and are not alternative or exclusive of any other such rights, remedies or options. No express or implied waiver by Lender of any default or event of default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent default or event of default. The failure or delay of Lender in exercising any rights granted hereunder shall not constitute a waiver of any such right in the future and any single or partial exercises of any particular right by Lender shall not be exhaust such rights or constitute a waiver of any other right provided herein.

D. MISCELLANEOUS

D.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrower, Lender and their respective successors and assigns, provided that Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of Lender, which consent shall not be unreasonably withheld. Borrower acknowledges that Lender may, in its sole discretion, sell or assign Lender's interests in this Agreement, the Notes, and the documents referred to herein to which Lender is a party, in whole

or in part, to any person, firm, partnership or corporation (an "Assignee"), and that all of the rights of Lender herein and therein may be enforced without limitation by such Assignee(s). Lender shall provide Borrower with timely notice of any such assignment by Lender.

D.2 Entire Agreement. This Agreement, together with the Notes and the documents referred to herein, are intended by the parties as a final expression of their agreement and are intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, together with the Notes supersedes all prior agreements and understanding between the parties with respect to such subject matter.

D.3 Notices. All communications and notices provided for herein shall be in writing or by a telecommunications device capable of creating a written record, and any such notice shall become effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) five (5) days after the date on which it shall have been mailed by United States mail, certified or registered, postage prepaid, return receipt requested, or (c) in the case of notice by such a telecommunications device, when properly transmitted, in each case addressed to each party hereto at its address set forth below or, in the case of any such party hereto, at such other address as such party may from time to time designate by written notice to the other parties hereto:

If to Borrower: Investors Asset Holding Corporation
c/o American Finance Group
53 State Street
14th Floor
Boston, MA 02129
Fax No.: (617) 523-1410
Confirmation No.: (617) 542-1200

with a copy to: Ann A. Hayward
Associate General Counsel
American Finance Group
53 State Street
14th Floor
Boston, MA 02129
Fax No. (617) 523-1410
Confirmation No.: (617) 542-1201,
ext. 313

If to Lender: Hitachi Credit America Corp.
777 West Putnam Avenue
Greenwich, CT 06830
Attention: Mr. William H. Besgen

Fax No.: (203) 531-0601
Confirmation No.: (203) 531-0232

With a copy to: Ross & Hardies
150 North Michigan Avenue
Suite 2500
Chicago, IL 60601
Attention: Robert W. Kleinman

Fax No.: (312) 750-8600
Confirmation No.: (312) 750-8614

D.4 Heading and Interpretation.

Section headings and captions are inserted for convenience only and shall not affect any construction or interpretation of this Agreement or the Notes. The words "herein", "hereof", "hereby", "hereto", "hereunder", and words of similar import refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause or subdivision hereof.

D.5 Miscellaneous

This Agreement may not be amended, waived, or discharged, except by an agreement in writing by the party against which or whom enforcement of the amendment, waiver or discharge is sought. In case any one or more of the provisions contained in this Agreement or in the Notes shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby in such jurisdiction, nor shall such provision be invalid, illegal or unenforceable in another jurisdiction to which the holding thereof shall not apply. Time and exactitude are of the essence hereof. It is the intention of the parties that the provisions of this Agreement and the Notes shall be governed by the laws of the Commonwealth of Massachusetts. All interest due hereunder shall be computed on the basis of the actual number of days elapsed, using a 360 day year.

D.6 Brokers

Each party represents to the other that it has not retained or engaged the services of any broker or agent in connection with the negotiation, placement or consummation of this transaction.

D.7 Counterparts

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this instrument to be duly executed in its corporate name by its officers, thereunto duly authorized, as of the date first above written, and each of the undersigned signatories hereto declares pursuant to 28 U.S.C. 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below its signature.

INVESTORS ASSET HOLDING CORPORATION,
not in its individual capacity except
as expressly stated, but solely as
Trustee of the "AFG/Soo Line Trust"

By: James F. Llesing
Title: Vice President

Executed on October 15, 1993

HITACHI CREDIT AMERICA CORP.

By: Richard J. Llesing
Title: Vice President

Executed on October 18, 1993

COMMONWEALTH OF MASSACHUSETTS)
) SS.
COUNTY OF SUFFOLK)

On this 15th of October, 1993, before me personally appeared James Livesey to me personally known, who being by me duly sworn, says that he is the Vice President of INVESTORS ASSET HOLDING CORPORATION, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Anne A. Hayward
Notary Public

(SEAL)

My commission expires:

4/4/97

STATE OF CONNECTICUT)
)
COUNTY OF FAIRFIELD) SS.

On this 18 of October, 1993, before me personally appeared Richard Drew to me personally known, who being by me duly sworn, says that he is the Vice President of HITACHI CREDIT AMERICA CORP., that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Yvonne A. Flynn
Notary Public

(SEAL)

My commission expires:

YVONNE A. FLYNN
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 1997

EXHIBIT A

DEFINED TERMS

For all purposes of the Loan and Security Agreement and the Notes:

"Acknowledgement" shall mean the Acknowledgement and Notice of Assignment dated as of the date hereof and entered into between Lessee and Borrower.

"Collateral" shall have the meaning set forth in Section B.1 hereof.

"Default" and "Event of Default" shall mean any of the defaults described in Section C.1 hereof.

"Finance Date" shall mean any date funds are advanced to Borrower hereunder.

"IAHC" shall mean Investors Asset Holding Corporation, a Massachusetts corporation.

"ICC" shall mean the Interstate Commerce Commission or any successor organization.

"Initial Closing Date" shall mean the first date funds are advanced to Borrower hereunder.

"Interim Rent", "Base Rent", "Renewal Rent" and "Casualty Value" shall have the meanings assigned thereto in the Lease.

"Late Payment Rate" shall have the meaning set forth in Section B.4 hereof.

"Lease" shall mean the Master Lease of Railroad Equipment dated as of May 1, 1993 and entered into between the Lessee and the Borrower.

"Lessee" shall mean Union Pacific Railroad Company, a Utah corporation.

"Loan Certificate" shall have the meaning set forth in Section A.1 hereof.

"Locomotive" or Locomotives" shall have the meaning set forth in Section A.1 hereof.

"Notes" shall have the meaning set forth in Section A.2 hereof.

"Prepayment Factor" shall have the meaning set forth in Section B.3 hereof.

"Reconstruction Agreement" shall mean the Locomotive Overhaul Agreement between Borrower and the Lessee dated as of May __, 1993 to recondition and/or rebuild the Locomotives.

"Rental Schedules" shall mean the various Rental Schedules and Acceptance Certificates delivered by Lessee under the Lease and relating to the Locomotives described therein.

"Satisfactory" or "Satisfaction" shall mean acceptable to Lender in its sole, absolute and unreviewable discretion.

EXHIBIT B

LOCOMOTIVES

<u>QUANTITY</u>	<u>SERIAL NUMBERS</u>	<u>DESCRIPTION</u>
22	SOO 1510-1531, both inclusive	GM MP15-AC Diesel Electric Switcher Locomotives

EXHIBIT C

SECURED PROMISSORY NOTE

\$ _____, 1993

FOR VALUE RECEIVED, the undersigned hereby promises to pay to HITACHI CREDIT AMERICA CORP. (the Lender), or order, at the head office of the Lender at 777 West Putnam Avenue, Greenwich, CT 06830, the principal sum of _____ (\$_____), in installments on December 1, 1993 and in consecutive quarterly installments thereafter on the first day of each January, April, July and October of each year, commencing January 1, 1994, in the amounts specified in the below-mentioned Agreement, in lawful money of the United States of America and in immediately available funds, and to pay interest on the unpaid principal balance hereof from time to time outstanding, at said office and in like money and funds, for the period commencing on the date hereof until paid in full, at the rates per annum and on the dates provided in the Agreement, such interest to be payable in arrears, to the extent accrued, on December 1, 1993 and on January 1, 1994, and quarterly in advance with respect to all periods beginning on or after January 1, 1994, with the first such quarterly payment of interest being due and payable on January 1, 1994. All principal and interest remaining unpaid shall in any event be due and payable on October 1, 2003.

This Note is issued pursuant to, and entitled to the benefits of, and is subject to, the provisions of a certain Loan and Security Agreement dated as of October 15, 1993 by and between the undersigned and the Lender (herein, as the same may from time to time be amended or extended, referred to as the "Agreement"), but neither this reference to the Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of the undersigned maker of this Note to pay the principal of and interest on this Note as herein provided.

As provided in the Agreement, this Note is secured by certain personal property of the undersigned and is subject to mandatory prepayment in certain circumstances. No optional prepayment of all or any portion of the principal of this Note shall be permitted.

In case an Event of Default (as defined in the Agreement) shall occur, the aggregate unpaid principal of and interest on this Note shall become or may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The undersigned maker hereby waives presentment, demand, notice of dishonor, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note.

This instrument shall have the effect of an instrument executed under seal and shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts (without giving effect to any conflicts of laws provisions contained therein).

INVESTORS ASSET HOLDING CORPORATION,
not in its individual capacity but
solely as Trustee of the "AFG/Soo Line
Trust"

By: _____

Title:

EXHIBIT D

LOAN CERTIFICATE

EXHIBIT E

ACKNOWLEDGEMENT

CERTIFICATION

I, KARL MORELL, have compared this copy to the original Loan and Security Agreement, dated as of October 15, 1993, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.



Karl Morell
October 19, 1993